

Outlook seen bleak for U.S. energy industry jobs

By Timothy Gardner, NEW YORK, Dec 7 (Reuters)

A gloomy outlook for the energy business threatens deeper cuts in the sector's workforce next year after the number of workers in U.S. oil and gas drilling slipped in November from recent three-year highs, experts said.

Oil and gas drilling jobs fell 1,000 to 339,000 workers in November, according to the Department of Labor's monthly report Friday.

That was 3,000 fewer than the three-year high hit in both August and September. November's job losses do not include any of the sweeping recent layoffs at battered energy giant Enron.

U.S. petroleum and coal products jobs, which are mainly union refinery jobs, were steady at 127,000, but only 1,000 more than the all time low hit in October 2000.

The energy sector's problems mirrored problems in the wider U.S. economy, which shed jobs at a searing pace for a second straight month in November, the Labor Department said.

The economy lost 331,000 nonfarm jobs last month, and the unemployment rate climbed to 5.7 percent in November, reaching its highest level in more than six years.

The loss in energy jobs will continue into 2002, especially in Houston, the U.S. energy capital and also Enron's headquarters, experts said.

"We're looking at a loss of jobs next year," said David McCollum a spokesman for business advocacy group the Greater Houston Partnership (GHP), which will publish a Houston jobs forecast next week.

"Upstream energy (exploration and production of crude oil) faces several negatives," he said.

Drilling activity is suffering because oil and gas prices are on the slide as sluggish demand piles up spare supply. U.S. oil demand will fall for the first time in a decade in 2001, the Department of Energy reported this week.

U.S. crude futures are now down at \$19 a barrel, after falling some 30 percent since the Sept. 11 attacks. Natural gas prices at \$2.5 per million British thermal unit (BTU) are down 75 percent over the year.

The pace of mergers in the industry will also mean job losses, McCollum said.

Last month, Phillips Petroleum Co. bid \$15.2 billion for Conoco Inc. . Although Phillips has not yet said how many jobs would be lost in the completed merger, it would be the latest in a string of energy mergers in the last several years in which thousands of jobs have been cut.

McCollum said GHP predicts a loss of 1,800 out of 35,000 upstream jobs in the greater Houston area next year, while oil field services jobs may shrink as much as an eighth.

ENRON WORKERS TO RE-ENTER WORKFORCE

Shattered energy trading company Enron Corp. whose shares tumbled to less than the cost of a postage stamp last week, said it was cutting 4,000 jobs, about half of its Houston workforce.

Houston-based Enron's shares hit a high of \$90.56 in August 2000.

But many of those workers could quickly reenter the workforce, according to McCollum.

"That's a very talented and intelligent and fairly young pool of employees, so we look at that as an opportunity for others in the energy sector or other high tech industries to come in and retrain them," said McCollum.

The Texas Workforce Commission, a state government agency, is holding seminars and workshops to help former Enron workers get new jobs.

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